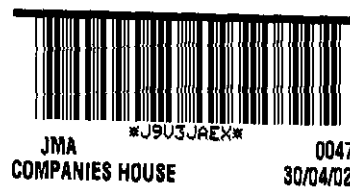


ANDERSEN

Heywood Finance Limited

Annual report and financial statements
for the year ended 30 June 2001

Registered number: 3160517



DIRECTORS

H.N. Moser

P. Heywood

G.D. Beckett

C.W. Hacking (resigned 7 November 2001)

D.M. Hyland (appointed 1 November 2000)

M. Goldberg (appointed 2 March 2001)

D.J. Seabridge (appointed 3 September 2001)

SECRETARY

G.D. Beckett

REGISTERED OFFICE

Bracken House

Charles Street

Manchester

M1 7BD

AUDITORS

Arthur Andersen

Bank House

9 Charlotte Street

Manchester

M1 4EU

BANKERS

Bank of Scotland

19/21 Spring Gardens

Manchester

M2 1FB

Directors' report

For the year ended 30 June 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 30 June 2001.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity and business review

The company's principal activity continues to be the provision of hire purchase finance.

The directors consider the results for the period to be satisfactory and look forward to the future with confidence.

Results and dividends

The audited financial statements for the year ended 30 June 2001 are set out on pages 6 to 12. The profit for the year, after tax was £130,894 (2000 - £6,689).

The directors do not recommend the payment of a dividend (2000 - £nil).

Directors' report (continued)

Directors and their interests

The directors of the company are set out on page 1.

P. Heywood owns 10 ordinary shares of £1 each (2000 - 10).

H.N. Moser is a director of the company's ultimate parent company, Blemain Group plc and as such, his interests in the share capital of that company are disclosed in its directors' report. No director has, or had any material interest in any contract or agreement entered into by the company during the year, or any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Payments to suppliers

The company agrees terms and conditions for its transactions with its suppliers. Payment is then made, provided the terms and conditions have been met by the supplier.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



G.D. Beckett
Secretary

30 April 2002

To the shareholders of Heywood Finance Limited

We have audited the financial statements of Heywood Finance Limited for the year ended 30 June 2001 which comprise the Profit and loss account, Balance sheet, and the related notes numbered 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

30 April 2002

Profit and loss account

For the year ended 30 June 2001

	Notes	2001 £	2000 £
Turnover	2	1,871,193	1,537,870
Administrative expenses		<u>(761,948)</u>	<u>(716,342)</u>
Operating profit		1,109,245	821,528
Interest payable	3	<u>(910,107)</u>	<u>(814,311)</u>
Profit on ordinary activities before taxation	4	199,138	7,217
Tax on profit on ordinary activities	6	<u>(68,244)</u>	<u>(528)</u>
Profit for the financial year	11	<u>130,894</u>	<u>6,689</u>

All activity has arisen from continuing operations. The company has no recognised gains or losses in either year other than the profit for the financial year.

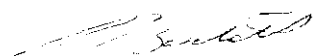
A statement of movements on reserves is given in note 11.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
30 June 2001


	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	7	<u>73,413</u>	<u>75,541</u>
Current assets			
Debtors			
- due within one year	8	5,408,867	5,148,676
- due after one year	8	5,204,584	6,075,371
Cash at bank and in hand		<u>329,736</u>	<u>34,852</u>
		10,943,187	11,258,899
Creditors: Amounts falling due within one year	9	<u>(10,910,322)</u>	<u>(11,359,056)</u>
Net current assets (liabilities)		<u>32,865</u>	<u>(100,157)</u>
Total assets less current liabilities		<u>106,278</u>	<u>(24,616)</u>
Net assets (liabilities)		<u>106,278</u>	<u>(24,616)</u>
Capital and reserves			
Called-up share capital	10	100	100
Profit and loss account	11	<u>106,178</u>	<u>(24,716)</u>
Equity shareholders' funds (deficit)	12	<u>106,278</u>	<u>(24,616)</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 30 April 2002 and signed on its behalf by:



G.D. Beckett
Director

H.N. Moser
Director



30 April 2002

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements

30 June 2001

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the preceding year, are set out below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Turnover

Turnover consists of interest received and related commissions on money lending agreements. The interest credit to the profit and loss account is calculated on a straight line basis pro rata to repayments recoverable on an accruals basis.

c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in note 6.

d) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided evenly on the cost or revalued amount of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates are:

Motor vehicles	-	25% on reducing balance
Computer equipment	-	33% straight-line on cost

2 Turnover

Turnover comprises income derived from the principal activity within the UK.

3 Interest payable

	2001 £	2000 £
Bank overdraft	910,107	814,311

Notes to the financial statements (continued)

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 £	2000 £
Depreciation of tangible fixed assets	22,477	11,838
Staff costs (see note 5)	53,133	54,446
Auditors' remuneration	3,332	3,236

5 Staff costs

Directors' remuneration

Directors' remuneration paid in respect of directors of the company was as follows:

	2001 £	2000 £
Emoluments	53,133	48,977
Company contributions to money purchase pension schemes	-	5,469
	53,133	54,446

The company had no other employees who received remuneration during the year or prior year.

6 Tax on profit on ordinary activities

	2001 £	2000 £
UK corporation tax	59,741	2,165
Adjustment in respect of prior year corporation tax	8,503	(1,637)
	68,244	528

No unprovided deferred tax liability exists at the year end (2000 - £nil).

Notes to the financial statements (continued)

7 Tangible fixed assets

	Computer equipment £	Motor vehicles £	Total £
Cost			
Beginning of year	43,931	51,385	95,316
Additions	29,004	-	29,004
Disposals	-	(10,322)	(10,322)
End of year	<u>72,935</u>	<u>41,063</u>	<u>113,998</u>
Depreciation			
Beginning of year	10,786	8,989	19,775
Charge for the year	13,114	9,363	22,477
Disposals	-	(1,667)	(1,667)
End of year	<u>23,900</u>	<u>16,685</u>	<u>40,585</u>
Net book value			
End of year	<u>49,035</u>	<u>24,378</u>	<u>73,413</u>
Beginning of year	<u>33,145</u>	<u>42,396</u>	<u>75,541</u>

8 Debtors

	2001 £	2000 £
Amounts falling due within one year:		
Trade debtors	5,395,903	5,139,219
Amounts due from group undertakings	12,964	-
Other debtors	-	9,457
	<u>5,408,867</u>	<u>5,148,676</u>
Amounts falling due after more than one year:		
Trade debtors	5,204,584	6,075,371
	<u>10,613,451</u>	<u>11,224,047</u>

Notes to the financial statements (continued)

9 Creditors: Amounts falling due within one year

	2001 £	2000 £
Bank overdraft	-	45,355
Amounts owed to group undertakings	10,826,628	11,246,523
Amounts owed to related undertakings	-	1,876
UK corporation tax	59,741	5,441
Other taxes and social security	74	425
Other creditors	-	224
Accruals and deferred income	23,879	59,212
	<u>10,910,322</u>	<u>11,359,056</u>

The bank overdraft is secured by way of a cross-guarantee amongst all group companies.

10 Called-up share capital

	2001 £	2000 £
<i>Authorised, allotted, called-up, and fully-paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Reserves

	2001 £	2000 £
Beginning of year	(24,716)	(31,405)
Profit for the financial year	<u>130,894</u>	<u>6,689</u>
End of year	<u>106,178</u>	<u>(24,716)</u>

12 Reconciliation of movements in equity shareholders' funds

	2001 £	2000 £
Profit for the financial year	130,894	6,689
Opening shareholders' deficit	<u>(24,616)</u>	<u>(31,305)</u>
Closing shareholders' funds (deficit)	<u>106,278</u>	<u>(24,616)</u>

Notes to the financial statements (continued)

13 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of £68.5 million of bank borrowings of the group (2000 - £50 million).

14 Cash flow statement

As permitted by Financial Reporting Standard No. 1 (Revised 1996), the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Blemain Group plc, which has produced consolidated financial statements that are publicly available.

15 Related party transactions

As a subsidiary undertaking of Blemain Group plc, the company has taken advantage of the exemption in FRS 8, "Related party disclosures" not to disclose transactions with other members of the group headed by Blemain Group plc.

During the year £1,876 was paid to UK Mortgage Corporation Limited clearing all outstanding balances.

16 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Blemain Group plc, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group of which Heywood Finance Limited is a member and for which group financial statements are drawn up is that headed by Blemain Group plc, whose principal place of business is Bracken House, Charles Street Manchester M1 7BD.